

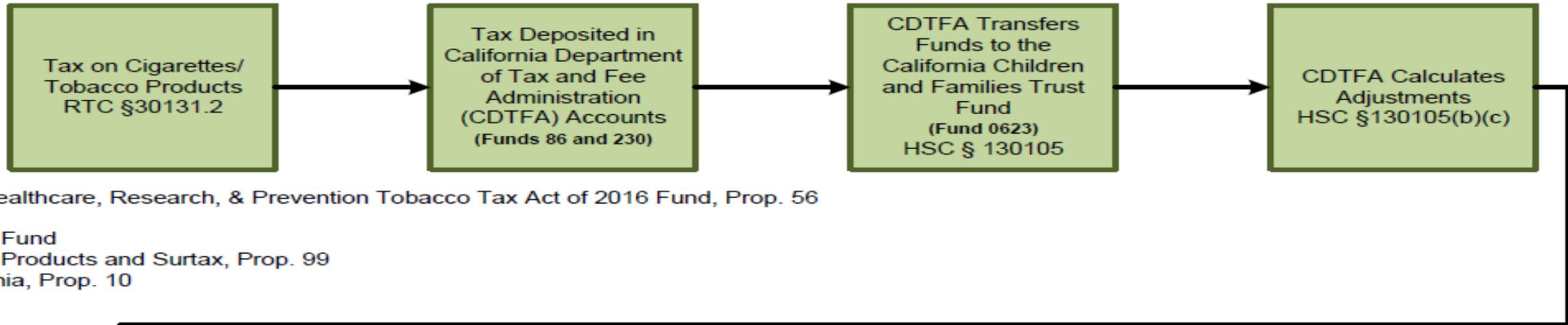
# Financial Update

October 19, 2023

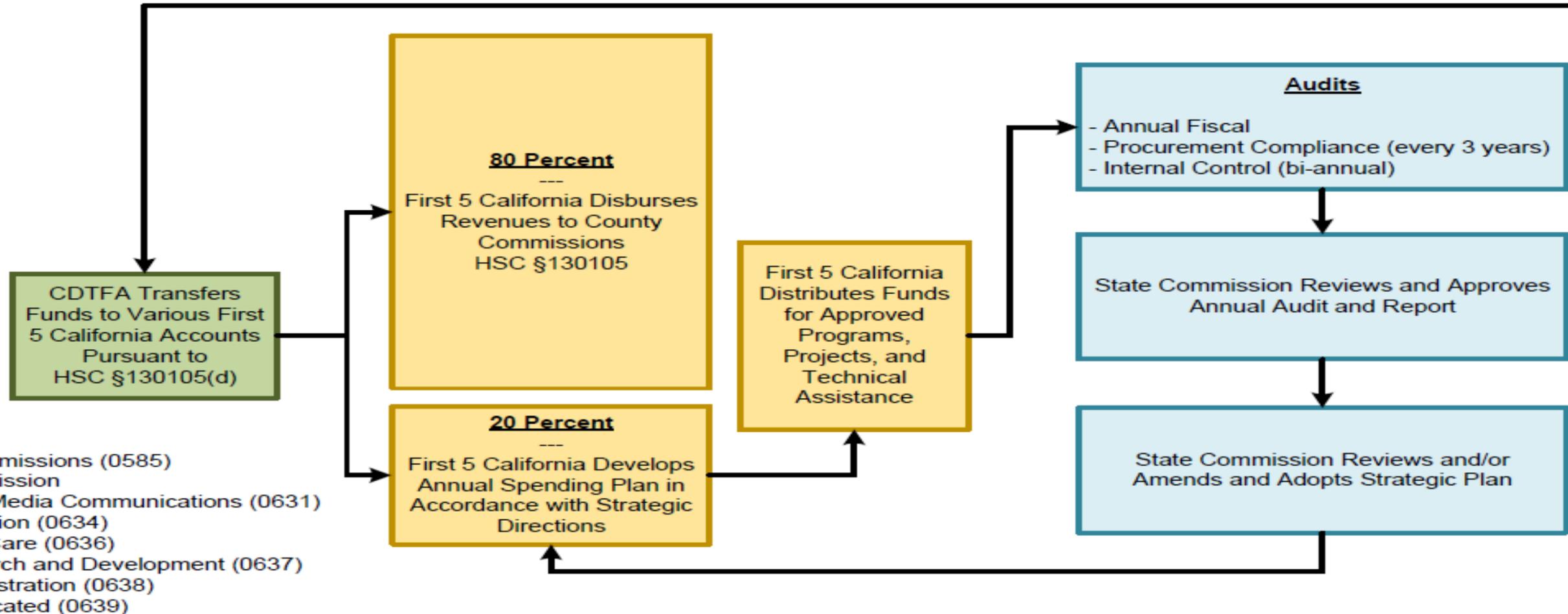




# Funding Structure



Total Tax = \$2.87  
 \$2.00 = California Healthcare, Research, & Prevention Tobacco Tax Act of 2016 Fund, Prop. 56  
 2¢ = Breast Cancer  
 10¢ = Cigarette Tax Fund  
 25¢ = Cigarette Tax Products and Surtax, Prop. 99  
 50¢ = First 5 California, Prop. 10



80% - County Commissions (0585)  
 20% - State Commission  
 6% Mass Media Communications (0631)  
 5% Education (0634)  
 3% Child Care (0636)  
 3% Research and Development (0637)  
 1% Administration (0638)  
 2% Unallocated (0639)

# Revenue Sources

## PRIMARY REVENUE SOURCES

- Proposition 10
- Proposition 56 (backfill)
- California Electronic Cigarette Excise Tax (CECET) – effective July 1, 2022

## OTHER REVENUE

- Investment Income (all accounts)

## State Administered Funds

- Continuous Appropriation
  - Money allocated and appropriated to the State administered accounts that is not encumbered or expended remain in the same account for the next fiscal period.
- Interest Bearing
  - State administered accounts are interest bearing accounts. Funds that remain in the account(s) earn interest based off current Apportionment Yield Rates.
- Unallocated Account
  - Funds in the Unallocated account may be used for expenditures by the state commission for any of the purposes of the Act.
- Reserve
  - All State Administer Funds have a 15% reserve to fund balance to protect against revenue instability.

# Fiscal Year 2023-24 Projected

## State Commission Revenue by Account

Account Type	Statutory Distribution	% to Total Conversion	Projected Revenue (Excluding Interest)
Media	6%	30%	\$17,806,699
Education	5%	25%	\$14,838,916
Child Care	3%	15%	\$ 8,903,350
Research	3%	15%	\$ 8,903,350
Unallocated	2%	10%	\$ 5,935,566
Administration	1%	5%	\$ 2,967,783
	<b>20%</b>	<b>100%</b>	<b>\$59,355,664</b>



# Revenue Factors

- **Changes to laws and regulations (i.e., Flavor ban)**
- **Trends in taxable sales of cigarettes and other tobacco products**
- **Changes in consumption**



# Budget Contingency Clause

## F5CA Agreements contain contingency language:

- The Agreement will be valid and enforceable only if sufficient funds are available.
- If current year and/or subsequent fiscal years covered under this agreement does not appropriate sufficient funds for the program, this agreement should be of no force and effect
- If revenues come in lower than anticipated, the State can cancel the agreement, or offer an agreement amendment for a reduced amount.



# FY 2023-24 Projected Fund Balance

FY 2023-24 Projections		
Beginning Balance	\$	154,679,765.00
Projected Revenues	\$	60,730,785.00
Projected Expenditures	\$	101,199,940.00
Total 15% Reserve	\$	8,904,409.00
Ending Fund Balance	\$	105,306,201.00

*Beginning balance will change once FY 2022-23 officially closed*

# Questions?



# Thank you!

